# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:2534
ANSWERED ON:16.03.2007
TAX DEDUCTED AT SOURCE
Deora Shri Milind Murli

**Will the Minister of FINANCE be pleased to state:**

(a)whether any penalty has been specified on employers which fail to collect Tax Deducted at Source (TDS) from the salaries of the employees;

(b)if so, the details thereof;

(c)if not, the reasons therefor;

(d)whether it has come to the notice of the Government that there are employers who are not collecting and depositing TDS from the salaries of their employees;

(e)if so, the details thereof; and

(f)the action taken/being taken by the Union Government in this regard?

## Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SH. S.S. PALANIMANICKAM)

(a)Yes sir.

(b)Under section 201 of the Income Tax Act (the Act), read with section 221 of the Act, a penalty not exceeding the amount of tax not deducted by the employer is chargeable. Moreover, a penalty equal to the amount of tax, which the employer failed to deduct, is also chargeable under the provisions of section 271C of the Act.

(c)Does not arise in view of reply to paragraphs (a) and (b) above.

(d)and (e): Instances of failure to deduct tax at source or to deposit the tax deducted to the Government account are detected and investigated at the level of the field units. Details relating to such cases are not centrally maintained and obtaining them from field units spread all over the country would involve substantial time and effort, which may not be commensurate to the objective sought to be achieved.

(f)The Income Tax Department is taking necessary steps to educate the employers about the provisions of tax deduction at source and is also charging interest and penalty in suitable cases so as to ensure proper compliance of the provisions of law.